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SFA**BILL ANALYSIS**

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House Bill 5383 (Substitute S-2 as reported by the Committee of the Whole)
Sponsor: Representative Thomas George
House Committee: Transportation
Senate Committee: Transportation and Tourism

CONTENT

The bill would amend the Michigan Transportation Fund (MTF) law to provide a single definition of "maintenance", which would replace three existing definitions. The bill also would permit the State Transportation Commission to authorize the execution and delivery of agreements providing for interest rate exchanges or swaps, hedges, or similar agreements.

"Maintenance" would mean routine maintenance, or preventive maintenance, or both. "Routine maintenance" would mean actions performed on a regular or controllable basis in response to uncontrollable events upon a highway, road, street, or bridge. "Preventive maintenance" would mean a planned strategy of cost-effective treatments to an existing roadway system and its appurtenances that would preserve assets, by retarding deterioration and maintaining functional condition without significantly increasing structural capacity.

The bill also would define the term "preservation", and would replace the term "maintenance" with "preservation" in various provisions allocating transportation funds. "Preservation" would mean an activity undertaken to preserve the integrity of the existing roadway system. It would not include new construction of highways, roads, streets, or bridges, a project that increased the capacity of a highway facility to accommodate that part of traffic having neither an origin nor a destination within the local area, widening of a lane width or more, or adding turn lanes of more than one-half mile in length.

The bill provides that, in connection with outstanding bonds, notes, or other obligations issued under the MTF law, or in connection with the issuance or proposed issuance of bonds, notes, or other indebtedness, the State Transportation Commission could authorize by resolution the execution and delivery of agreements providing for interest rate exchanges or swaps, hedges, or similar agreements. In addition, the Commission would have to certify to the State Treasury on or before the issuance of any bonds, notes, or other obligations issued after December 31, 2001, that its average annual debt service requirements for all such obligations would not exceed 10% of the Federal revenue distributed to the credit of the State Trunk Line Fund during the last completed State fiscal year. The bill also states that bonds and notes issued under the MTF law would not be subject to the Revised Municipal Finance Act, but would be subject to the Agency Financing Reporting Act (proposed by Senate Bill 1201).

MCL 247.651b et al.

Legislative Analyst: Claire Layman

FISCAL IMPACT

The bill would have no fiscal impact on State or local government.

Date Completed: 6-10-02

Fiscal Analyst: Craig Thiel

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Bill Analysis @ <http://www.senate.state.mi.us/sfa>

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